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TRENDS REPORT

2025 Top Retail Banking Trends

Where to spend and where to save
for a profitable future.

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INTRODUCTION:

How Large Retail Banks Can Plan for Growth in a Year of Big Changes—and Recurring Challenges

While 2024 proved to be a slight rebound from 2023, the growth hurdles retail banks faced over the past few years are not gone just yet.

Although inflation and interest rates should lower in 2025, institutions will still be dealing with some familiar obstacles, including:

- A sluggish (or modestly growing) economy with hesitant, debt-laden consumers*
- Constant geopolitical uncertainty, regulatory changes, and technology shifts*
- Stubbornly high costs to retain staff and invest in new technology*
- Decreasing customer loyalty as banking Customer Experience (CX) declines**

Navigating a low-growth, low-rate environment will require retail banks to walk a fine line between managing expenses and investing for the future—all while trying to retain their current customer's share of wallet as new-age fintechs nip at their heels.

But by placing their bets on technology that can both drive efficiency and meet consumer demands, institutions can pave the way for sustainable revenue growth in 2025 and beyond.

In this trend report, we share six of the top revenue-driving investment areas for the year ahead, across three key areas: **acquiring new customers, driving customer loyalty and expansion, and improving productivity.**

- Katherine Regnier

*Source: Deloitte 2025 Banking and Capital Markets Outlook
**Forrester 2025 Banking Predictions

Section 1

Driving New Growth

With **economic and regulatory challenges** making fees and net interest less viable profit paths, banks will have to rely on attracting new customers and non-interest income to drive revenue. This section covers how they can make that easier for themselves in 2025.

Trend 1

Working Toward Real-Time Digital Account Openings

Trend 2

Modernizing Mortgage Applications and Refinancing

When customers can easily connect with staff to answer questions about account openings, it can help increase new account growth by 2.5%.

Trend 1

Working Toward Real-Time Digital Account Openings

Nearly 50% of banks admit their Digital Account Opening (DAO) and onboarding journeys are inefficient and riddled with friction points—which they can't afford. Accounts opened digitally will outpace growth in new account holders over the next few years, and customers will easily abandon a process that's too difficult. **Some institutions see abandonment rates of up to 50% if the process takes more than a few minutes.**

If banks don't continually modernize their account opening flow, they'll continue to lose out on acquiring future customers and lowering the internal cost of account openings.

Tightening your account opening process isn't easy due to constraints with personal data, verification processes, and core systems—but prioritizing the most impactful areas for improvement should be a 2025 goal. Here are a few ideas for getting started:

- Assess which features your DAO doesn't have that you'd like it to. (Use our checklist for inspiration.)
- Determine the slowest or most cumbersome parts of your process, and focus your efforts there first.
- Look for solutions that can easily embed into your flow vs. building yourself. (Many vendors provide features from our checklist.)
- Help users find a branch and complete an opening in person by embedding branch search and appointment booking in your DAO flow or app.

DIGITAL ACCOUNT OPENING FEATURES CHECKLIST

- ✅ Upfront list of requirements
- ✅ Auto-fill basic identity information
- ✅ Direct deposit capabilities
- ✅ Ability to add funds with payment app or cards
- ✅ Mobile-optimized or in-app experience
- ✅ Document upload and ID verification
- ✅ Save and resume later capabilities
- ✅ Electronic signatures
- ✅ Notifications on application status
- ✅ Accessibility compliance
- ✅ Easy to review terms of service
- ✅ In-app support or virtual chat
- ✅ Share nearest branch location(s)
- ✅ Request a call or book in-person appointment
- ✅ Suggest related products or offers

As rates drop, demand for mortgages is expected to increase. And the competition for consumers will continue to become more fierce as digital-only players offer more convenient application processes. This may be why one study found 48% of mortgages are not from a consumers' main financial institution. Another indicates that revenue from traditional banking products (like auto loans and mortgages) sold through non-banking channels will increase by three to five percentage points by 2025.

Some institutions are leaning on AI and data sharing via APIs to streamline parts of the application process. Automating risk assessment, fraud detection, or document processing can save staff time on approvals.

Despite consumers' growing comfort with online shopping for mortgages, customer experience, referrals from peers, and relationships with lenders still play a large role in their choice, for both first-time and experienced buyers. This means it's important for banks to balance digitizing the application process with ensuring customers can still interact thoughtfully with advisors. To drive more mortgage conversations, banks should make it convenient for customers to meet with local staff, either in person or through video appointments. A booking tool that lets customers choose a time from open slots on an advisor's calendar can increase bookings. Pre-booking also helps staff prepare documents and tell clients what they need to bring so meetings are more productive.

Key Points in the Customer Journey

Early Stage Research	Most mortgage journeys start with online research. Audit your digital channels to ensure information on mortgages is easy to find.
Starting the Search	Track MLS listings and customer credit inquiries in addition to leaning on renewal data to trigger outreach.
Application Process	Speed up application processes and qualify faster by choosing solutions that can access government-regulated data.
Awaiting Approvals	Buyers want pre-approvals fast. If you can't offer this, find AI tools to support in-branch staff in qualifying applicants quickly.
Choosing a Lender	Better connect customers to advisors by embedding live chat, video, or in-person appointment booking options into the flow.

Educating clients on the application process in advance and connecting them with advisors can help win more business. When customers and staff are better prepared for appointments, **pull-through rates for loans and mortgages can increase by 8.5% and 1%**, respectively.

Trend 2

Modernizing Mortgage Applications and Refinancing

Section 2

Deepening Customer Relationships

Increasing consumer expectations for top-tier digital experiences, coupled with the continued explosion of fintech apps and digital banks, will make retaining fickle customers challenging in 2025. Give yours more reasons to stay—and expand share of wallet—with these ideas.

Trend 3

Meeting Demands for Omnichannel, Real-Time Service

Trend 4

Introducing Hyper-Personalization, One Step at a Time

According to Forrester, a 1-point improvement in a CX Index score can lead to an incremental $123 million in revenue for a large multichannel bank and an incremental $92 million in revenue for a direct bank. In a low-growth environment, improving CX can impact the bottom line.

Trend 3

Meeting Demands for Omnichannel, Real-Time Service

Global banking CX quality has fallen for the past three years in a row. And when CX quality declines, so does customer loyalty. Why are CX scores so low? A recent study found that banking customers gave "getting help from customer service" the lowest satisfaction scores.

One of the biggest service issues large retail banks face is routing customers from online channels to human support. Globally, 70% of consumers consider a consistent experience across channels to be extremely or very important in choosing their primary bank. Buried website FAQs, long call queues, and reentering repetitive identity information can all make finding help a negative experience.

And banks can't just focus on virtual service alone: 63% of consumers still want one-on-one personal conversations with bank representatives. Since banks also score poorly on emotionally connecting with customers—especially on digital channels—weaving together an omnichannel service experience is vital to improving CX (and, ultimately, loyalty).

Connecting disparate support and service systems can be daunting for large banks. Start by improving how you guide customers to their preferred channels—no matter where they start their journey. Then, begin streamlining individual paths (online self-serve vs. contact center vs. in-branch help) so customers can feel a difference in their chosen channel.

Omnichannel Support Checklist

Online Chat	• Can users chat with a human if needed?
	• Can we include options to book an appointment with a related specialist?
	• If after hours, can customers request a callback or email response?
Call Center	• Do we offer callback or text-back features for long hold times?
	• Do we direct callers to our chat option (only during hours of operation)?
	• Can we customize hold messages and direct them to self-serve channels?
In-Person	• Can customers walk into a branch and video chat with another branch?
	• Do staff teach customers about self-serve channels?
	• Do we send a list of required documents before clients arrive?
Digital Self-Serive	• Do we make it clear which tasks are only available in person or online?
	• Can we save service preferences in customer profiles?
	• Are direct customer service line numbers easy to find in our mobile app?

Trend 4

Introducing Hyper-Personalization, One Step at a Time

Nearly half of consumers expect their institutions to deliver personalized offers for products and services that will help them reach their goals. However, a third of consumers don't feel their current institution is meeting their expectations.

Hyperpersonalization across industries has driven demand for customized experience. But delivering them required banks to overcome many hurdles — from legacy technology and data silos to regulatory concerns and security issues.

Still, banks can take small impactful strides towards customer personalization. They can 1. Create in-house point solutions built with available data and tools (so they can work on solving larger roadblocks); 2. Partner with software that offers built-in personalization tools (some of which offer consumer data that banks haven't captured yet); and 3. Seek and thoroughly test out AI-powered tools that give consumers personalized suggestions based on past behavior.

Personalization Ideas	Data Source(s)
Alerts for upcoming payments, low account balances, or suspicious activity	Core banking; Budgeting tool; Online banking; Mobile app
Personalized offers for relevant products and services	Core banking; CRM; Marketing automation platform
Spending analysis and budgeting advice based on past purchases	Core banking; Credit card spending; Bill payments; Budgeting tool
Incentivized invites to branch events and meet-and-greets	Location data; Staff calendars; Web search integrations
Discounts or offers on brands they like or buy from	Past purchases; Rewards redemption portal
Automate reminders for bill payments, appointments, and more	Core banking; Online banking; Mobile app

Section 3

Managing Costs and Driving Efficiency

As banks prepare for a bumpy ride in terms of revenue growth, they can improve the bottom line by reducing costs. But this doesn't have to negatively impact the customer experience—if banks invest in tools that will drive productivity and save money in the process.

Trend 5

Increasing Branch Efficiency with Better Data

Trend 6

Turning AI Inward to Boost Staff Productivity

With digitized lobby management, staff can better prepare for visitors, reduce wait times and follow-ups, and shorten appointments by an average of 10 minutes each—**leading to hundreds of thousands of dollars in recaptured productivity.**

Trend 5

Increasing Branch Efficiency with Better Data

Despite the growth of digital banking, consumers still want a branch option. Between 30-50% of them (regardless of age) prefer to visit branches to resolve account issues, open an account, meet with an advisor, or apply for a loan.

But, as operating costs soar, many banks have struggled to maintain locations. Some have reduced branch traffic by redirecting customers online, or refocusing branches on advisory or wealth services only. Others are scaling back on costs via shared banking hubs, or introducing universal bankers to reduce staffing needs.

Many banks have to manage branch operations with little accurate data on appointment volume, foot traffic, and reasons for visits. Understanding staff capacity and productivity is usually also a best guess. Without utilizing powerful lobby management tools or analytics, it's impossible for banks to confidently determine a branch service strategy.

With the right lobby and appointment management solutions, banks get a holistic view of branch traffic, staff productivity, and pull-through rates, and can make smart decisions about where to expand (or close), and position staff for more efficient service. The result? More productivity, and shorter wait and handle times—which is a win for bottom lines, and CX.

Here's a list of data points banks should have on hand to make better strategic decisions about branch locations and staffing:

- ✅ Walk-in numbers
- ✅ Walk-ins that turn into appointments
- ✅ Overall branch traffic trends by date & time
- ✅ Pre-scheduled appointments
- ✅ Most common appointment types
- ✅ Average wait times
- ✅ Average bookings per staff member
- ✅ Average appointment length/times
- ✅ Appointment outcomes
- ✅ Pull-through rates

Unleashing AI tools on customers comes with a lot of risks—especially when training AI requires your data to be consistently high-quality, similarly structured, and centralized in the cloud, which many banks are still far from achieving.

That's why AI may offer more immediate value through internal applications. By using AI to make manual processes, staff members, and technology projects more efficient, retail banks can trim costs significantly: research shows banks can improve their productivity by up to 30% by adopting generative AI.

AI can save staff many hours -- but it works best with human partnership. Models show that if staff use AI to offer personalized wealth advisory, tailor products to specific customers, boost call center interactions, and streamline application processes, bank revenue can grow by 6%+ within three years.

Deciding whether to build AI tools yourself or use outside platforms already embedded with AI depends on your resources and use cases. In a talent-tight market, outsourcing could be a more viable path to immediate productivity gains.

How Other Banks Are Using AI to Drive Productivity

Internal Chatbot Improves Advisor Knowledge and Service

Morgan Stanley's AI chatbot embeds into advisor workflows to help them access the firm's knowledge base and respond to client needs with better, faster insights. 98%+ of advisor teams use the 'AI @ Morgan Stanley Assist' for this instant information retrieval.

AI Analyzes Regulation to Speed Up Strategic Decision-Making

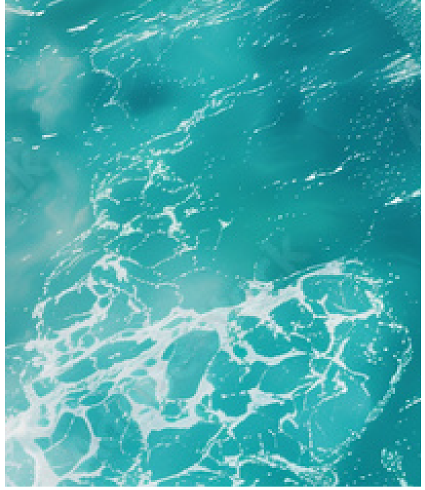
Citigroup Bank's generative AI analyzed 1,000+ pages of new U.S. banking sector capital rules. In partnership with their risk and compliance team, it assessed the plans' impact, and provided key takeaways for guarding against future losses much faster than internal teams could have managed.

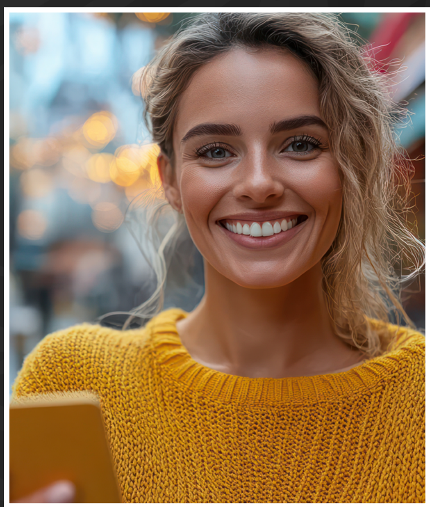
AI Helps Coders Update Legacy Systems Faster

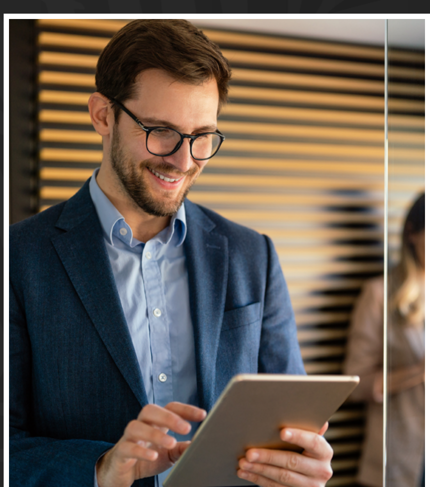
Goldman Sachs experimented with using generative AI to help its software engineering teams write and test new code faster, helping them update legacy systems quickly. Generative AI can also help with data preparation, automating integrations, and more.

Trend 6

Turning AI Inward to Boost Staff Productivity







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